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VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29210

Re: Docket Nos. 2021-143-E & 2021-144-E, Application of Duke Energy Progress, LLC and Duke Energy Carolinas, LLC for Approval of Smart Saver Solar as Energy Efficiency Program

Ms. Boyd,

The South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, Upstate Forever, North Carolina Sustainable Energy Association, and Vote Solar (“Intervenors”) strongly support Duke Energy Progress, LLC’s and Duke Energy Carolinas, LLC’s (collectively, “Duke Energy” or “the Companies”) Petition for Reconsideration and/or Rehearing of Order No. 2022-239 (“Petition”), and file this additional letter to express concerns about the potential implications of that Order on future utility energy efficiency/demand-side management (“EE/DSM”) programs.

In Order No. 2022-239, the Commission rejected the Smart Saver Solar program (the “Program”) on the grounds that “Duke did not provide the Commission with sufficient evidence to support its assertions the [program] will be cost-effective,” Order at 39, and in particular, that Duke did not provide “specific evidence” in support of its ten percent calculation of free riders. *Id.* at 36. The Commission instead relied on testimony from Office of Regulatory Staff (“ORS”) witness Brian Horii, who recommended an estimate for free-ridership of 79%. *Id.* at 28, 36.

Intervenors are concerned that the Commission’s Order appears to set a new, different, and unattainable standard for the evidence a utility is required to put forward to support the cost effectiveness of EE/DSM programs. First, for any new EE/DSM program, free-ridership data *must* be estimated, for the basic reason that the program has not yet been offered and Evaluation, Measurement, & Verification (“EM&V”) has not yet been conducted. For that reason, *both* the Companies’ and Witness Horii’s free-ridership estimates relied on forecasted adoption rates.¹

¹ Tr. Vol. 3, p. 533.19 – 533.20 (Witness Horii: “I based my free-rider – free-rider analysis on forecasted adoptions.”).

The Companies provided evidence for their free-ridership calculation showing that it aligned with current market adoption for solar PV and the requirements of the Program, and in fact, was likely conservative given the Companies' real-world experience from administering its EE/DSM portfolio. Indeed, the Companies' estimate of free-ridership was determined in a substantially similar manner as Companies use for any new EE/DSM program proposal, such as Duke Energy Progress' recent application for its Energy Efficient Appliances and Devices Program in Docket No. 2022-41-E, a program for which ORS has no objection.² Given that the Companies' EM&V data shows that its EE/DSM programs—all of which relied on similar evidence in support of free-ridership—have saved their customers billions of dollars, it is concerning that the Commission's Order found the evidence in support of Duke Energy's free-ridership estimate to be "lacking," and particularly so given the lack of rigor underlying Witness Horii's estimate.

As discussed at length in Duke Energy's Petition, Witness Horii's free-ridership calculation was based on a series of flawed assumptions and missteps that are entirely incongruous with how free-ridership is estimated for new programs. For example., Witness Horii's estimate relied on solar adoption rates for a subset of customers—dual gas and electric customers—that would not even be eligible for the proposed programs, and who took service under a completely different underlying net metering tariff. And, despite the evidence showing that only .23% of the Companies' South Carolina residential customers adopted rooftop solar in 2020 (the highest year of solar adoption), Witness Horii nevertheless stated that "market uptake" of rooftop solar was too high to justify a 10% free-ridership estimate.

The Order thus appears to establish a standard requiring that utilities support their free-ridership estimates with data that simply is not yet available, creating an additional burden on utilities' ability to establish cost-effective EE/DSM programs that save money for all ratepayers. These programs are critical to help customers control their energy usage and lower their bills and are necessary to keep utility costs down over the long term by deferring or avoiding the need to build new generation.

For those reasons, and the arguments set forth in the Petition, we support the request for reconsideration in this proceeding.

Respectfully,

/s/Kate Lee Mixson

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² See Docket No. 2022-41, Letter and Notification That the Office of Regulatory Staff Does Not Intend to Submit Direct Testimony and will Continue to Monitor this Docket (Apr. 6, 2022).

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